LNF & IHCIF Calculations Illustration

- Sault Ste Marie in Bemidji area -

Given Data

- 8,721 = 1998 user count
- $2,980 = National average cost per person (not including wrap-around costs)
- 28% = % Expenditures on purchased services, 72% = % expenditures in-house
- 97.2% = Cost index for purchasing health care in this geographic area
- 104.6% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

Cost Adjustment Calculations

- $808 per person for purchased services = 28% * 97.2% * $2,980
- $2,249 per person for in-house services = 72% * 104.6% * $2,980
- $3,057 per person total = $808 (purchase) + $2,249 (in-house)
- **$3,238 per person total** adjusted for health status = $3,057 * 105.9%
- **$2,493 per person net cost** = $3,238 - $745 Other resources (M&M&PI)

Existing Expenditures (for 8,721 users excluding wrap-around and collections)

- $837 per person = local IHS allowance (excludes $ for wrap-around)
- $94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- $54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **$985 per person for OU users** = $837 + $94 + $54

LNF Calculation

- **30.4% Gross LNF** = $985 (expenditures) / $3,238 total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **39.5% Net LNF** = $985 / $2,493 net cost ($3,238 - $745 other)

IHCIF Allocation

- $4,449,458 = $ to raise LNF% from 39.5% to 60%
- $258,040,100 = aggregate $ to raise all locations to 60%
- 3.488% IHCIF fraction = $9,000,000 fund / $258,040,100 needed
- **$155,197 Allocation** = $4,449,458 needed for 60% * 3.488% IHCIF fraction

Sault Ste Marie Unmet Needs

- **$21,737,370 Net Total Need** = 8,721 users * $2,493 net cost
- **$13,144,406 Net Unmet Need** = (100% - 39.5% LNF) * 8,721 users * $2,493 net cost